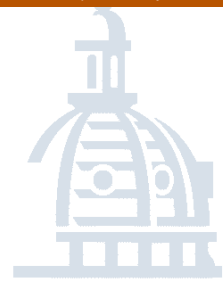




# FISCAL UPDATE

## *Fiscal Services Division*

February 22, 2010



### STATUS OF APPROPRIATIONS BILLS As of February 19, 2010

Appropriation Bills		
Government Reorganization and Efficiency Bill	SF 2088	Passed the House - 2/15
FY 2010 Appropriation Adjustments Bill	SSB 3197	Passed Senate Approps Committee - 2/18
FY 2010 Supplemental Appropriations Bill	SF 2151	Passed the Senate - 2/4

### REVENUE ESTIMATING CONFERENCE SCHEDULED

The next Revenue Estimating Conference (REC) has been scheduled for Thursday, March 11, 2010, at 1:30 p.m. in the Kennedy Conference Room of the State Capitol Building.

The REC will consider revisions for the FY 2010 and FY 2011 revenue estimates. Given the status of the economy, it is possible that one or both revenue estimates may be decreased. If the revenue estimate for FY 2010 is decreased, additional appropriation adjustments may be required. If the revenue estimate for FY 2011 is decreased, the Governor will be required to revise his budget recommendation.

STAFF CONTACT: Holly Lyons (515-281-7845) [holly.lyons@legis.state.ia.us](mailto:holly.lyons@legis.state.ia.us)  
Jeff Robinson (515-281-4614) [jeff.robinson@legis.state.ia.us](mailto:jeff.robinson@legis.state.ia.us)

### JANUARY MEDICAID FORECAST

**Forecasting Group.** Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on February 8, 2010, to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2009 and FY 2010. The forecasting group meets monthly to discuss estimated expenditures and to agree on a range for the current and upcoming fiscal years.

**FY 2010 Stimulus.** For FY 2010, the ARRA provides the same 6.2% FMAP increase in all 12 months and is estimated to offset the amount of State Medicaid funds needed by \$145.1 million. The ARRA also provides for additional FMAP increases based on state unemployment rates that will save the State an additional \$67.5 million for a total of \$212.6 million.

**FY 2010 Unemployment.** On June 19, 2009, the Bureau of Labor Statistics released the latest unemployment rates that showed Iowa's rate jumped from 5.1% in April of 2009 to 5.8% in May and 6.2% in June. This increase brought Iowa's three-month average above 5.2% and qualifies the State for an additional FMAP increase under the ARRA. The FMAP increase is estimated to offset the amount of State Medicaid funds needed by an additional \$40.0 million in FY 2010.

**Tier Two Unemployment.** To qualify for tier two of the Medicaid FMAP enhancement, Iowa's unemployment rate needs to have a three-month average of 6.2%. In August, Iowa qualified with a three-month average of 6.5%. The FMAP increase is estimated to offset the amount of State Medicaid funds needed by an additional \$17.5 million in FY 2010.

**FY 2010.** House File 811 (FY 2010 Health and Human Services Appropriations Act) included total State funding of \$854.6 million for Medicaid for FY 2010. Other funding sources included \$8.6 million from HF 820 (FY 2010 Federal Funds Appropriations Act) to annualize hospital rebasing, continued coverage for children, and interpreter services for Medicaid. Senate File 478 (FY 2010 Standing Appropriations Act) provided an additional \$4.3 million to increase funds for disproportionate share hospital payments.

The State appropriations from all funding sources for Medicaid for FY 2010 total \$867.5 million. This is an increase of \$35.0 million compared to estimated net FY 2009. Significant program changes include:

- An increase of \$2.4 million to cover additional eligible children.
- An increase of \$1.8 million to annualize the hospital rebase.
- An increase of \$6.0 million to rebase nursing facilities.
- An increase of \$237,000 for interpreter services.
- An increase of \$103,000 for a 5.0% provider rate increase for Family Planning Providers.
- A decrease of \$500,000 to eliminate funding for the Iowa Health Care Collaborative.
- An increase of \$4.3 million to increase payments to disproportionate share hospitals.

**Senior Living Trust Fund.** Due to decreased State revenues in FY 2009, the State will not have sufficient funds to transfer \$39.1 million to the Senior Living Trust Fund for FY 2010 as originally estimated. House File 811 appropriates the balance of the Fund to the Medicaid Program. The balance available for FY 2010 is \$17.7 million.

**FY 2010 Across-the-Board Reduction.** On October 8, 2009, the Governor announced a 10.0% across-the-board (ATB) reduction for all General Fund appropriations and the Health Care Trust Fund. This reduction amounted to \$83.7 million for the Medicaid Program. With the ATB reduction, the new funding total for the Medicaid Program for FY 2010 is \$781.0 million.

**FY 2010 Range.** For FY 2010, the forecasting group agreed to a range of a supplemental need of \$5.0 million to a surplus of \$20.0 million, with a midpoint of a \$7.5 million surplus. The range includes the 6.2% ARRA FMAP adjustment and both tier one and two unemployment FMAP increases. The budget reduction plans submitted to the Governor by the DHS were also included in these estimates.

**FY 2011 Range.** For FY 2011, the forecasting group agreed Medicaid will have a supplemental need of \$163.0 to \$192.0 million, with a midpoint of \$177.5 million, when compared to the adjusted FY 2010 appropriation. The adjusted FY 2010 appropriation includes the 10.0% ATB reduction and statutory appropriations for a total of \$730.8 million. The range includes the 6.2% FMAP increase, including tier one and two of the FMAP unemployment increase. The range also assumes there will be \$37.0 million in funding available from the Senior Living Trust Fund for FY 2011 and that a minimum of \$28.0 million from the Department's reduction strategies submitted to the Governor will continue in FY 2011.

**Enrollment Increase.** Medicaid continues to see rapid enrollment growth. In FY 2009, the program added a total of 31,794 individuals, including 25,935 children. In the first seven months of FY 2010, the program added an additional 15,535 individuals for total program enrollment of 360,927.

<b>Medicaid Enrollment Increases/(Decreases) for FY 2010</b>					
<b>FY 2010</b>	<b>Children</b>	<b>Adults</b>	<b>Aged</b>	<b>Disabled</b>	<b>Total</b>
July	1,427	211	38	32	1,708
August	2,829	1,295	126	443	4,693
September	1,180	546	(6)	208	1,928
October	1,539	977	32	264	2,812
November	3,048	533	70	391	4,042
December	960	(561)	(61)	(2)	336
January	494	(445)	(146)	113	16
Total	11,477	2,556	53	1,449	15,535

## RECENT PUBLICATIONS

The Fiscal Services Division has recently published the following:

### **NOBAs (Notes on Bills and Amendments):**

#### ***SF 2088 (Government Reorganization and Efficiency Bill) – the following versions:***

- [House Action \(2-15-2010\)](#)
- [House State Government Committee and House Full Appropriations Committee \(2-4-2010\)](#)
- [Senate Action \(2-1-2010\)](#)
- [Senate State Government Committee and Senate Full Appropriations Committee \(1-27-2010\)](#)

#### ***FY 2010 Supplemental Appropriations Bill – the following versions:***

- [Senate Full Appropriations Committee \(1-28-2010\)](#)
- [Senate Action \(2-4-2010\)](#)

### **Monthly Revenue Memo**

### **Monthly Total Tax Revenue Memo**

**FISCAL TOPIC:** [Iowa Mathematics and Science Education Partnership](#)

**ISSUE REVIEW:** [Narrowband Mandate and Statewide Interoperability](#)

### **FISCAL NOTES:**

[SF 2251 – Driver's License Sanctions](#)  
[SF 2290 – Physical Plant and Equipment Levy](#)  
[HF 2413 – School Year Length](#)  
[SF 2291 – Special Education Code Corrections](#)  
[SF 2338 – Assault Without Intent to Inflict Serious Injury](#)  
[HF 758 – Injury or Death of Spouse, Damages](#)  
[HF 2006 – Tax Expenditures, Periodic Repeals](#)  
[SF 2252 – Criminal and Juvenile Justice Advisory Council](#)  
[SF 2255 – Nurses Workforce Initiative](#)  
[SF 2017 – Veterans Retirement Pay Income Tax Exemption](#)  
[SF 2288 – Department of Education Code Requirements](#)  
[HF 2381 – Liquor Sales in Convenience Stores](#)  
[HF 2280 – Commercial Animal Establishments](#)  
[HF 2088 – Disaster Loss Coupling](#)  
[HF 2349 – Regenerative Medicine Research Tax Credit](#)  
[HF 777 – Open Records, Meetings](#)  
[SF 2250 – Robbery III](#)  
[HF 2372 – Assault Without Intent to Inflict Serious Injury](#)  
[HF 2377 – Probation Extension](#)  
[HF 2374 – Serious Injury Definition](#)  
[HF 2373 – Intimidation With a Dangerous Weapon](#)  
[HF 2378 – Escapes, Criminal Offense Reclassification](#)  
[SF 2145 – Motor Vehicle Registration Fee Changes](#)  
[SF 2219 – Family Planning Benefits](#)  
[SF 2225 – Disaster-Related Crimes, Penalties](#)  
[SF 2198 – Eluding Law Enforcement](#)  
[SF 2109 – Traffic Signal Violations \(red light running\)](#)  
[HF 2281 – Family Planning Benefits](#)

***FISCAL NOTES: (continued)***

[HF 2198 – Trailers Used for Veterans Parades on Roads](#)

[SF 2062 – Early Retirement](#)

[HF 691 – Obscene Materials Dissemination to Minors](#)

[HF 657 – Indecent Exposure](#)

[HF 2110 – Unemployment for Military Relocation](#)

---

STAFF CONTACT: Mary Shipman (515-281-4617) [mary.shipman@legis.state.ia.us](mailto:mary.shipman@legis.state.ia.us)

---

This document can be found on the LSA website: <http://www.legis.state.ia.us/Fiscal/fiscupdt/>